

POLYTECH SCHOOL DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING
AGREED-UPON PROCEDURES

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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary, Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Dianne G. Sole, Ed.D.
Superintendent
Polytech School District
823 Walnut Shade Road
Woodside, DE 19980

Dear Secretary Woodruff and Dr. Sole:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (the DOE) and Polytech School District (the District) solely to assist you, the specified parties in evaluating the compliance and effectiveness of the District's internal control over compliance with DE Code Chapters 13 and 17, Senate Bill 385 and DE Admin Code Section 525. Procedures were performed for student accounting and enrollment as of September 30, 2005. In addition, procedures were performed for authorized positions and occupational-vocational unit Division II funding for fiscal year ended June 30, 2005. Management is responsible for the District's compliance with the requirements related to the above areas.

This agreed-upon procedures attestation engagement was performed in accordance with Government Auditing Standards (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

STUDENT ENROLLMENT

Agreed-Upon Procedure Number 1: Determine if the District's policies and procedures for preparing, reviewing and reporting the September 30 student count are adequate.

Finding: Based on the obtainment of the District's written policies and procedures we were able to determine that the policies and procedures set forth by the District were well-detailed and encompassed every area of the September 30 student count. These policies and procedures were sufficient to allow a new employee to conduct the September 30 student count within the guidelines set forth by both the District and the State of Delaware.

Agreed-Upon Procedure Number 2: Determine if the District properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.

Finding: The District properly reported enrollment figures to the DOE.

Agreed-Upon Procedure Number 3: Select ten percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at each school and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed students, if applicable.

Finding: In performing the above procedure we found that two students who were reported as receiving full-time special education were only receiving part-time special education instruction (less than 12.5 hours a week). During further inquiry we found that Polytech had submitted and been granted a waiver from the DOE in regard to the 12.5 hour requirement. This allowed for all special education students, regardless of hours spent in special education classes, to be counted as full-time students. Polytech properly accounted for these students in their September 30, 2005 unit count.

Agreed-Upon Procedure Number 4: Select ten percent (10%) or a minimum of five students enrolled in the Cooperative Education and Diversified Education Programs and confirm that the students' files contain the required documentation in accordance with the DOE's Administrative Directives and calculate the dollar impact of disallowed students, if applicable.

Finding: Polytech High School in their 2005 unit count reported no students in either the Cooperative Education or Diversified Education Programs.

AUTHORIZED POSITIONS

Agreed-Upon Procedure Numbers 1 and 2:

- Determine if the District's control procedures for monitoring, tracking and reconciling the number of employees are adequate.
- Determine if the District's control procedures for monitoring and tracking salaries charged to the State's general fund are adequate.

Finding: The State of Delaware Budget and Accounting Policy Manual states that department or agency heads are responsible for establishing and maintaining an effective system of internal control. The manual goes on to further state that a well-designed system of controls includes written policies and procedures to ensure that each control objective is met.

Finding - continued: The District provided us with a one page written policy on salary administration. It is our determination that the one page written policy did not constitute sufficient written policies and procedures. Insufficient written policies and procedures creates a greater risk of noncompliance with DE Code and the DOE regulations and guidelines.

Recommendation: It is our determination that the policy would be more effective if it were revised to include the following:

- References to rules and regulations as stipulated by the DOE
- References to pertinent sections of DE Code
- Detailed procedures in reconciling actual staff to Division I units
- A management review process of staff listings and reconciliations including a time frame in which this is to be completed

Auditee Response: The District will revise the current written policy on salary administration per the above recommendation, however, the District feels the current written policy is effective since Agreed-Upon Procedure Number 3 and 4 resulted in no findings.

Agreed-Upon Procedure Number 3: Compare the number of paid positions by category to the number of authorized positions per 14 DE Code, Chapters 13 and 17.

Finding: It was determined that the District was operating within its number of authorized positions by category.

Agreed-Upon Procedure Number 4: Recalculate the annual salary of the following selected positions to determine if employees were paid in accordance with 14 DE Code, Chapter 13.

Superintendents =	100%
Assistant Superintendents =	100%
Principals =	100%
Directors =	100%
Classroom Teachers =	10%

Finding: All employees selected, as detailed above, were found to be correctly paid in accordance with 14 DE Code, Chapter 13 which specifies salary schedules.

OCCUPATIONAL-VOCATIONAL UNIT DIVISION II FUNDS

Agreed-Upon Procedure Number 1: Obtain confirmation from the DOE if the District was granted a waiver of the 90% requirement to allocate the occupational-vocational unit Division II funding to each school that generated the funding.

Finding: Polytech is a vocational high school and is the only school within its District. The need to request and be granted a waiver from the 90% requirement allocation of occupational-vocational unit Division II funding is nonapplicable.

Agreed-Upon Procedure Number 2: Review expenditure documents to determine if FY04 and FY05 occupational-vocational funds expended from July 1, 2004 through June 30, 2005 were (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in the Delaware Financial Management System (DFMS).

Finding: All expenditures, relating to FY04 and FY05 occupational-vocational funding, were determined to be (1) expended for State-approved occupational-vocational courses and programs within the District and (2) supported by adequate documentation and (3) properly coded in DFMS.

Agreed-Upon Procedure Number 3: Review financial records to determine if FY04 and FY05 occupational-vocational funds were properly allocated to and spent by the schools within the District that generated the funding.

Finding: Polytech High School is the only school within its District causing the issue of allocating funding by the school within the District that generated the funding to be nonapplicable.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the District and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of Auditor of Accounts, Office of the Governor, Office of Controller General, Office of Attorney General, Office of Management and Budget, and Secretary of Finance.

Balfanz, Lyons & Shuman, P.A.

December 8, 2005
Wilmington, Delaware